



May 12, 2015

Independent Reasonable Assurance Report

To the Directors of Encorp Pacific (Canada) on selected non-financial information included in the Encorp 2014 Annual report

We have been engaged by Encorp Pacific (Canada) (“Encorp”) to perform a reasonable assurance engagement in respect of the following information, referred to as the “Selected Information”; detailed in Appendix A, and also included within Encorp’s Annual Report for the year ended December 31, 2014:

- The number of collection facilities, and any changes in the number of collection facilities from the prior year in accordance with Section 8(2)(b) of the Recycling Regulation;
- The description of how recovered product was managed in accordance with the pollution prevention hierarchy in accordance with 8(2)(d) of the Recycling Regulation;
- The total amount of the producers’ product sold and collected and the recovery rate for the year ended December 31, 2014 in accordance with 8(2)(e) of the Recycling Regulation; and
- The performance for the year in relation to targets in the approved stewardship plan under Section 8(2)(b), (d) and (e) in accordance with Section 8(2)(g) of the Recycling Regulation.

Our opinion does not constitute a legal determination on Encorp’s compliance with the British Columbia Regulation 449/2004 Recycling Regulation (“Recycling Regulation”).

Responsibilities

Preparation and fair presentation of the Selected Information in accordance with the evaluation criteria as listed in Appendix A is the responsibility of Encorp’s management. Management is also responsible for such internal control as management determines is necessary to enable the preparation of the Selected Information such that it is free from material misstatement. Furthermore, management is responsible for preparation of suitable evaluation criteria in accordance with the *Third party assurance requirements for non-financial information in annual reports, version 3.0*, dated February 2015 (“Assurance Requirements”) as specified by the Director under Section 8(2)(h) of the Recycling Regulation of the Province of British Columbia.

Our responsibility is to express an opinion on the Selected Information based on the procedures we have performed and the evidence we have obtained.

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Methodology and Assurance Procedures

We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000), “Assurance Engagements other than Audits or Reviews of Historical Financial Information” published by the International Federation of Accountants. This standard requires that we comply with independence requirements and plan and perform the engagement to obtain reasonable assurance about whether the Selected Information is free of material misstatement.

A reasonable assurance engagement includes examining, on a test basis, evidence supporting the amounts and disclosures within the Selected Information. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement in the Selected Information due to omissions, misrepresentation and errors. In making those risk assessments, we consider internal control relevant to the entity’s preparation and fair presentation of the Selected Information in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the entity’s internal control. A reasonable assurance engagement also includes assessing the evaluation criteria used and significant estimates made by management, as well as evaluating the overall presentation of the Selected Information.

The main elements of our work were:

- Obtaining an understanding of the management systems, processes, and controls used to generate, aggregate and report the data;
- Testing relevant controls, documents and records on a sample basis;
- Testing and re-calculating quantitative information related to the Selected Information on a sample basis;
- Reviewing the consistency of the Selected Information with the related disclosures in the Annual Report of Encorp.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the Selected Information and the methods used for determining and calculating such information. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments. Furthermore, the nature and methods used to determine such information, as well the evaluation criteria and the precision thereof, may change over time. It is important to read our report in the context of evaluation criteria.

Conclusion

In our opinion, the Selected Information for the year ended December 31, 2014 presents fairly in accordance with the evaluation criteria, in all material respects:

- The number of collection facilities, and any changes in the number of collection facilities from the prior year in accordance with Section 8(2)(b) of the Recycling Regulation;
- The description of how recovered product was managed in accordance with the pollution prevention hierarchy in accordance with 8(2)(d) of the Recycling Regulation;
- The total amount of the producers’ product sold and collected and the recovery rate for the year ended December 31, 2014 in accordance with 8(2)(e) of the Recycling Regulation; and
- The performance for the year in relation to targets in the approved stewardship plan under Section 8(2)(e) in accordance with Section 8(2)(g) of the Recycling Regulation.



Emphasis of matter

Without qualifying our opinion, we draw your attention to Appendix B which describes why certain items required by the Assurance Requirements to be included in the Appendix A have been excluded. Our opinion is not qualified in respect of this matter.

Other matters

Our report has been prepared solely for the purposes of Encorp's compliance with the reporting requirements relating to Sections 8(2)(b), (d), (e) and (g) of the Recycling Regulation and is not intended to be and should not be used for any other purpose. Our duties in relation to this report are owed solely to Encorp, and accordingly, we do not accept any responsibility for loss occasioned to any other party acting or refraining from acting based on this report.

PricewaterhouseCoopers LLP

Chartered Accountants



Appendix A - Assurance Requirements

<p>1. Section 8 (2) (b) the location of its collection facilities, and any changes in the number and location of collection facilities from the previous report.</p>					
<p><i>Specific Disclosures in the annual report for which evaluation criteria were developed</i></p>					
<table border="1"> <thead> <tr> <th>Disclosure per annual report</th> <th>Reference</th> </tr> </thead> <tbody> <tr> <td>Encorp's collection network consists of 173 Return-It™ Depots. Two new depots were opened during 2014.</td> <td>Collection System and Facilities: Executive Summary on page 4.</td> </tr> </tbody> </table>	Disclosure per annual report	Reference	Encorp's collection network consists of 173 Return-It™ Depots. Two new depots were opened during 2014.	Collection System and Facilities: Executive Summary on page 4.	
Disclosure per annual report	Reference				
Encorp's collection network consists of 173 Return-It™ Depots. Two new depots were opened during 2014.	Collection System and Facilities: Executive Summary on page 4.				
<p>The following evaluation criteria were applied to the assessment of the location of collection facilities, and any changes in the number and location of collection facilities from the previous report in accordance with Section 8(2)(b) of the Recycling Regulation:</p>					
<p>Definitions:</p> <ul style="list-style-type: none"> • Collection Facility referred to as a Return-It™ Depot means an operation, facility that has been identified in an approved stewardship plan for collection and redemption of used beverage containers. • Depots List is a registry of Return-It™ Depots containing contact information (location, contact and hours of operation) maintained by Encorp. 					
<p>Evaluation criteria:</p> <ul style="list-style-type: none"> • The number of collection facilities is obtained from the Depot List of Return-It™ Depots as of December 31. • The calculation of the number of Return-It™ Depots is done by adding up the total number of Return-It™ Depots in the Depot List. • The listing is done on a monthly basis. • The changes in the number of collection facilities are highlighted in the monthly depot list with the summary provided at the end of the year. • A summary reconciliation is completed at year-end identifying the depots at the beginning of the year, changes during the year and the number of depots at the end of the year. 					



2. Section 8 (2) (d) Product management in accordance with pollution prevention hierarchy

Specific Disclosures in the annual report for which evaluation criteria were developed

- Material collected by Encorp is shipped to recyclers for further processing into new material in accordance with Section 8 of the Recycling Regulation.
- Aluminium cans collected in 2014 were sold and shipped to a re-melt facility in the USA and turned back into aluminium sheet stock for new cans.
- Plastic containers collected in 2014 were sold to Merlin Plastics and shipped to their two separate facilities BC and AB to be cleaned and pelletized to become new raw material for manufacturers of various plastic products including new containers, strapping material and fibres.
- Glass containers collected in 2014 were processed in British Columbia and shipped to various end markets including a plant that produces fibreglass insulation in Alberta; a facility that produces new glass bottles in Seattle, US; a facility that manufactures sandblasting materials in Quesnel, BC; and municipal sites that use crushed glass as construction aggregates.
- Polycoat containers collected in 2014 were sold to ICF International and shipped to manufacturing plants in South Korea and USA for material recovery and production of tissue paper from the recovered fibre.
- Other metal containers collected in 2014 were sold to scrap metal dealers for metal recovery.
- Other containers including stand up pouches made of layers of plastic and aluminium foil and laminated plastic bags inside the cardboard bag-in-a-box total did not find end market in 2014 and were stored in Delta BC. Encorp continues to explore potential end markets and will occasionally send material for testing and evaluation to potential end recyclers.

Definitions:

- ***Weight of material collected:*** Weight obtained from processors invoices for the units collected and processed,
- ***Weight of material recycled:*** Weight of baled material as per shipments received by recyclers based on outbound Movement Authorizations /Commodity Revenue supporting documents.
- ***End of life:*** for used beverage containers is determined when the recovered containers are separated by material stream and delivered to the end recyclers approved by Encorp through a vendor certification process.
- ***End Recycler:*** a facility that uses processed used beverage containers to transform recovered material into other product.



Evaluation Criteria:

- All non-refillable containers collected during the year are delivered to processing sites across the province of BC where the containers are grouped into six material categories defined in the Stewardship Plan: Aluminium, Plastic, Polycoat, Glass, Other metals, and Combination and baled for further processing with the exception of glass that is crushed.
- Once processed, each material stream is shipped to its own end recycler approved by Encorp through a vendor qualification program.
- Each shipment is documented with the weight of material shipped on the transporter document (waybill/movement authorization form, export declaration).
- The total weight of material recycled is obtained from the list of shipments to each end recycler in a calendar year by material type.
- The total weight recycled is compared to the total weight of material collected to assess reasonableness of the total recycled weight published in the Annual report. The calculation of weight of material collected is derived from the weight invoiced by processors for the units processed by material type. A comparison of past three years weight of units processed by commodity type is carried out every year. A significant variance between the weight processed year on year compared to units collected is investigated.



3. Section 8 (2) (e) the total amount of the producer’s product sold and collected and, if applicable, the producer’s recovery rate

Specific Disclosures in the annual report for which evaluation criteria were developed:

Disclosure per annual report	Reference
Total Sales in units: 1,224,579,061 Total Product Collected in units: 968,583,632 Recovery Rate: 79.1%	Recovery rate from the Executive Summary on Page 4

The following evaluation criteria were applied to the assessment of the description of how total amounts of the producer’s product sold and collected and, if applicable, the producer’s recovery rate has been calculated in accordance with Section 8(2)(e).

Definitions:

- **Recovery Rate:** A calculated value derived from dividing total units collected by total units sold and measured as percentage rounded to the first decimal point.
- **Product Sold:** Number of units (beverage containers) reported by Brand Owners to Encorp.
- **Brand owners:** Producers as defined in Schedule 1 of the Recycling Regulation.
- **Product Collected:** Number of units (used beverage containers (UBC)) collected by Encorp.
- **Containers in Transit:** Containers for which deposits were received but will be refunded subsequent to year-end. The estimated turnaround time for consumers returning used beverage containers for deposit refunds is estimated to be 7.5 weeks.
- **Movement Authorization (MA):** A document indicating a number of containers and number of shipping containers (bags) collected by transporters on behalf of Encorp Pacific (Canada).

Evaluation criteria:

- The recovery rate is determined by dividing the number of product units collected by the total number of product units sold.
- The total product units sold is based on sales reports received by Encorp from their Brand owners in unit sales.
- The reported units sold are adjusted at year-end to account for containers for which deposits were received but will be refunded subsequent to year-end.
- The total number of product units collected is based on the number used beverage containers collected by Encorp as indicated in the movement authorization form during the calendar year.
- The product units sold and collected, and the recovery rate reconcile to the numbers published in the annual report.



4. Section 8 (2) (g) the performance for the year in relation to approved targets under Section 8 (2) (b), (d) and (e).

Specific Disclosures in the annual stewardship report for which evaluation criteria were developed:

Disclosure per annual report	Reference
2014 Assertion – Recovery rate of 79.1% (compared to target of 80.1%)	Recovery Rate: Executive Summary on page 4

The following evaluation criteria were applied to the description of performance targets for the year in relation to the specific targets associated with Section 8(2)(e) of the Recycling regulation in the approved stewardship plan:

Evaluation criteria:

- Targets in the stewardship plan have been identified and reported on by management in the annual report; and
- The description of the progress against targets to date is supported by records of progress maintained by Encorp.



Appendix B – Assurance Requirements

Encorp has not reported its performance for the year in relation to approved targets under 8(2)(b) in accordance with 8(2)(g) of the Recycling Regulation for the year ended December 31, 2014 as there are no specific related targets in the approved stewardship plan.

Encorp has not reported its performance for the year in relation to approved targets under 8(2)(d) in accordance with 8(2)(g) of the Recycling Regulation for the year ended December 31, 2014 as there are no specific related targets in the approved stewardship plan.